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Executive Registry
11-7127

21 August 1959

MEMORANDUM FOR THE RECORD

SUBJECT: References to CIA in Health Insurance Hearings

1. On Friday, 14 August, I attended the House Post Office and Civil Service hearings on proposed Federal health insurance programs. The principal witness was Maurice H. Stans, Director of the Bureau of the Budget. Mr. Benjamin Wheelus of the Department of Defense also appeared briefly in support of S. 2162, the Johnston-Neuberger bill, and similar House measures.

2. The thrust of Mr. Stans' testimony was to favor a "reasonable" health insurance program along the lines suggested by the Civil Service Commission in its testimony on these bills. Mr. Stans emphasized his position that a "reasonable" program would be based upon a 1/3 - 2/3 contribution ratio (1/3 by the Government and 2/3 by the employee). However, he carefully avoided any statement that would infer a Presidential veto of a 50-50 cost ratio if passed by the Congress.

3. Mr. Wheelus' testimony was general in nature and somewhat anticlimatic. At the conclusion of the prepared statement, Representative H. R. Gross (R., Iowa) asked Mr. Wheelus several questions. He asked him if Defense had any "super secret" people like CIA. Wheelus replied that he did not know much about CIA and, therefore, was not in a position to answer the question. Gross went on to say that the Committee had received testimony from Mr. Riddell, an attorney for Joseph Jones, Resident Agent for Mutual of Omaha, on 7 August 1959 which touched on the CIA program and he was interested in knowing how it would be handled under the proposed bill.

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4. Mr. Warren Irons, Executive Director of the Civil Service Commission, who was present as an observer, stood up at this juncture and responded to Mr. Gross' question. He indicated that under S. 2162, as amended, the Commission and the Agency would be able to work out a suitable arrangement for administration of the health insurance program within the Agency. He referred to similar existing arrangements for administration of the Federal Employees' Group Life Insurance and Civil Service Retirement programs for Agency employees. Congressman Gross took him to task when Mr. Irons stated that CIA "maintained the forms" on its people and that the Civil Service Commission was not particularly interested in the names of Agency cases. All in all, however, Mr. Irons did a very commendable job in "fronting" for us and in my opinion deserves some thanks for it. After the hearings I told David Lawton, one of his associates, that Irons had done a good job and we appreciated it. A general note of appreciation to Irons might be appropriate.

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6. On Tuesday, 18 August, the Committee, by a unanimous vote, ordered S. 2162 reported with certain amendments. Included in the amended bill is the provision which will permit CIA and several other agencies to maintain separate programs monitored by the Civil Service Commission. This will permit the Agency to work out its security problems with appropriate officials of the Commission as we have done in the past. As reported by the House Committee, the contribution by the Government and the employee will be on a 50-50 basis.

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cc: DCI
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Legislative Counsel

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Assistant Legislative Counsel

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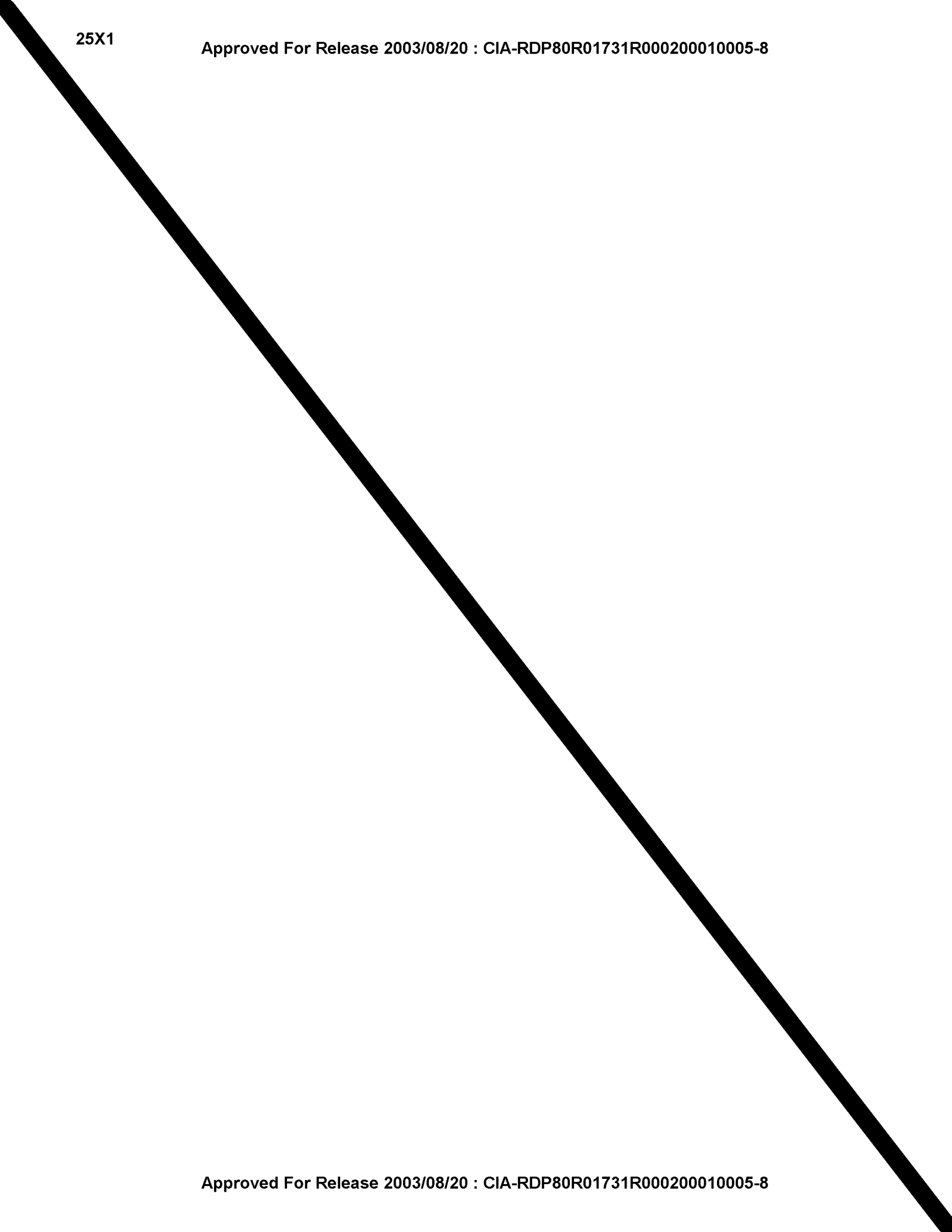

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